

## Message Text

SECRET

PAGE 01 SEOUL 08757 020238Z

60

ACTION EA-14

INFO OCT-01 ISO-00 PM-07 L-03 NSC-10 CIAE-00 DODE-00

INR-10 NSAE-00 PA-04 RSC-01 USIA-15 PRS-01 SPC-03

OMB-01 INT-08 COME-00 SS-20 SCEM-02 TRSE-00 DLOS-06

COA-02 STR-08 IO-14 CG-00 MC-02 CIEP-02 DOTE-00 EB-11

DRC-01 /146 W

----- 128290

R 310432Z DEC 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 1824

INFO AMEMBASSY TOKYO

S E C R E T SEOUL 8757

E.O. 11652: GDS

TAGS: EKRK, PZBR, LOS, KS

SUBJECT: KOREA JAPAN CONTINENTAL SHELF AND JOINT OIL EXPLORATION  
AGREEMENTS

REF: A) SEOUL 4517; B) STATE 213993

SUMMARY: SIGNATURE OF BILATERAL AGREEMENTS ON SHELF AND OFFSHORE  
OIL EXPLORATION IS EXPECTED IN JANUARY. EMBASSY SUGGESTS FURTHER  
MODIFICATIONS OF USG GUIDELINES ON USE OF U.S. CONTRACTORS.

1. ACCORDING TO MINISTRY OF FOREIGN AFFAIRS SOURCE, SIDE DISCUSS-  
IONS BY FOREIGN MINISTERS KIM AND OHIRA AT BILATERAL MINISTERIAL  
MEETING RESULTED IN AGREEMENT THAT LONG PENDING AGREEMENTS ON  
CONTINENTAL SHELF AND JOINT KOREAN-JAPANESE OIL EXPLORATION IN

OFFSHORE AREA OF OVERLAPPING CLAIMS WILL BE SIGNED IN SEOUL IN  
JANUARY. MOFA EXPECTS THAT COMPANIES WILL THEN BEGIN TO WORK OUT  
INTER-FIRM AGREEMENTS, AND MAY BE READY TO COMMENCE OPERATIONS  
BY LATE SUMMER.

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PAGE 02 SEOUL 08757 020238Z

2. ALTHOUGH WE BELIEVE MOFA IS OVEROPTIMISTIC ABOUT TIMING OF

NEXT DRILLING, CONCLUSION OF AGREEMENT MAY INSPIRE U.S. FIRMS INVOLVED TO AGAIN QUESTION DEPARTMENT'S GUIDELINES ON NON-USE OF U.S. FLAG RIGS, U.S. PERSONNEL AND USG LICENSED SOPHISTICATED

EQUIPMENT. IN THIS CONNECTION, REFTTEL B PARA 2 RESTATEMENT OF USG POSITION APPEARS TO HAVE EFFECT OF RELAXING GUIDELINES FOR THAT SUBSTANTIAL PORTION OF JOINT DEVELOPMENT AREA LYING EAST OF EAST CHINA SEA 100 FATHOM ISOBATH WHICH WILL NOT FALL WITHIN (A) NORTH ASIAN CONTINENTAL SHELF, (B) SOUTH CHINA SEA OR (C) DISPUTED AREA (ASSUMING PRC WOULD NOT CLAIM BEYOND THE MEDIAN LINE WHICH FORMS WESTERN BOUNDARY OF JOINT DEVELOPMENT AREA).

3. IN VIEW OF URGENCY IMPARTED TO NEW OIL EXPLORATION BY ENERGY CRISIS, FACT THAT LOS CONFERENCE MAY WELL HAVE BEGUN DELIBERATIONS BEFORE DRILLING OFF KOREA CAN BEGIN, AND BALANCE OF PAYMENTS BENEFITS FROM GREATER EXPORTS OF U.S. SERVICES, EMBASSY SUGGESTS THAT DEPARTMENT MIGHT WISH CONSIDER FURTHER RELAXATION OF GUIDELINES. WE SUGGEST THAT EXCEPT FOR POSSIBLY AGREEING TO VERY LIMITED USE OF U.S. CITIZEN PERSONNEL IN YELLOW SEA ZONES, PRESENT GUIDELINES BE MAINTAINED FOR YELLOW SEA ZONES II AND III. NO EXPLORATION/EXPLOITATION ACTIVITY SHOULD BE UNDERTAKEN IN YELLOW SEA ZONE I, NEAREST TO ARMISTICE AGREEMENT PROBLEMS ON UNC CONTROLLED OFFSHORE ISLANDS. FOR EAST CHINA SEA AND KOREA STRAITS ZONES IV - VII, HOWEVER, POST-AGREEMENT USE OF U.S. FLAG RIGS, U.S. CITIZEN PERSONNEL AND SOPHISTICATED DRILLING BUT NOT NAVIGATION EQUIPMENT COULD BE ALLOWED ANYWHERE MORE THAN SAY 10 NAUTICAL MILES EASTERLY OF MEDIAN LINE, LEAVING LINE UNSPECIFIED. ALTERNATIVELY, INSTEAD OF MEDIAN LINE, GUIDELINE COULD SPECIFY WESTERLY BOUNDARY OF JOINT DEVELOPMENT AREA PLUS LINE OBTAINED BY EXTENDING LINE FORMING JDA BOUNDARY NORTHWESTERLY THROUGH ZONE IV AS FAR AS SOUTHERN BOUNDARY OF ZONE III. WE BELIEVE THAT THESE OR SIMILAR GUIDELINES COULD PROVE HELPFUL IN FACILITATING U.S. HIGH TECHNOLOGY INPUTS INTO SOME DIFFICULT DRILLING OPERATIONS AND THEREBY IMPROVE CHANCES OF FINDING OIL WHILE NOT INFRINGING UPON BASIC U.S. POSITION OF NEUTRALITY AS TO SHELF AND SEABED RESOURCES. W\* DO NOT THINK THERE IS ANY SIGNIFICANT RISK OF PRC OR NORTH KOREAN ATTACK ON RIGS IN ZONE IV - VII AREA.

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## Message Attributes

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